

Public Chapter 513

SENATE BILL NO. 1714

By Atchley

Substituted for: House Bill No. 1519

By Rhinehart

AN ACT To amend Tennessee Code Annotated, Title 8, Chapter 27, relative to insurance benefits for public sector employees and retirees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-27-102, is amended by adding the words "and proposals" immediately following the first occasion that the word "bids" appears in the first sentence of subsection (a) and by adding the words "and to enter into contracts with" immediately after the first occasion the word "from" appears in the first sentence of subsection (a).

SECTION 2. Tennessee Code Annotated, Section 8-27-301, is amended by adding a new subsection (b) which shall read as follows:

(b) The local education insurance committee has the authority to obtain competitive bids and proposals, as it deems appropriate, from and to enter into contracts with insurance companies, claims administrators or other organizations for some or all of the benefits or services required under this chapter.

and renumbering the existing subsections appropriately.

SECTION 3. Tennessee Code Annotated, Section 8-27-207, is amended by adding a new subsection (d) which shall read as follows:

(d) The local government insurance committee has the authority to obtain competitive bids and proposals, as it deems appropriate, from and to enter into contracts with insurance companies, claims administrators or other organizations for some or all of the benefits or services required under this chapter.

SECTION 4. Tennessee Code Annotated, Section 8-27-103, is deleted in its entirety.

SECTION 5. Tennessee Code Annotated, Sections 8-27-205 and 8-27-206, are deleted in their entireties and a new Section 8-27-205 substituted, as follows:

Section 8-27-205. The committee established in Section 8-27-101, may establish a group insurance plan or plans, as it deems necessary and reasonable, for the benefit of retired state employees and retired employees of the University of Tennessee and the State University and Community College System. Such plans may be made available to retired employees who are drawing benefits through the consolidated retirement system and to retired employees of the University of Tennessee and the State University and Community College System who are drawing benefits through the Consolidated Retirement System or any other retirement plan as a result of their employment with the University of Tennessee or the State University and Community College System. The committee may, at its discretion, determine the benefits package, administrative procedures, eligibility provisions and rules relating to the group insurance plans.

SECTION 6. Tennessee Code Annotated, Section 8-27-101, is amended by adding a new subdivision to subsection (b) which shall read as follows:

(3) In the event of the death or resignation of a state employee committee member, a state employee selected in accordance with subdivision (b)(1) of this section shall be replaced by the state employee receiving the next highest number of votes in the election process established pursuant to subdivision (b)(1) of this section and the higher education employee shall be replaced under the provisions of item (b)(2) of this section.

SECTION 7. Tennessee Code Annotated, Section 8-27-701, is amended by deleting the language of subsection (a) and substituting in lieu thereof:

(a) The state insurance committee, in cooperation with the local education and local government insurance committees shall provide such supplemental medical insurance as the committee deems necessary and reasonable for retired state employees and teachers who are covered by Medicare benefits. The committee may also establish provisions for participation in Medicare health maintenance organizations certified by the Health Care Financing Administration for such retirees and may establish such optional coverages as it deems necessary and reasonable.

SECTION 8. Tennessee Code Annotated, Section 8-27-201, is amended by adding a new subdivision to subsection (a) which shall read:

(5) The provisions of Tennessee Code Annotated, Title 56, not to the contrary, the state insurance committee is authorized to enter into self-insured contracts with health maintenance organizations established pursuant to Title 56, Chapter 32. The committee shall permit participation in such health maintenance organizations only in those locations for which the organization has been issued a certificate of authority by the Department of Commerce and Insurance.

SECTION 9. Tennessee Code Annotated, Section 8-27-301, is amended by adding a new subsection (c) which shall read as follows:

(c) The provisions of Tennessee Code Annotated, Title 56, not to the contrary, the local education insurance committee is authorized to enter into self-insured contracts with health maintenance organizations established pursuant to Title 56, Chapter 32. The committee shall permit participation in such health maintenance organizations only in those locations for which the organization has been issued a certificate of authority by the Department of Commerce and Insurance.

and renumbering the existing subsections appropriately.

SECTION 10. Tennessee Code Annotated, Section 8-27-207, is amended by adding a new subsection which shall read as follows:

(i) The provisions of Tennessee Code Annotated, Title 56, not to the contrary, the local government insurance committee is authorized to enter into self-insured contracts with health maintenance organizations established pursuant to Title 56, Chapter 32. The committee shall permit participation in such health maintenance organizations only in those locations for which the organization has been issued a certificate of authority by the Department of Commerce and Insurance.

SECTION 11. Tennessee Code Annotated, Section 8-27-303, is amended by adding a new subsection, as follows:

(h) Any local education agency may withdraw from the basic plan authorized in Section 8-27-302 following at least twenty-four (24) months of participation in that plan. The local education agency must comply with the equivalency provisions of Section 8-27-303(a)(2) and the referendum requirements contained in Section 8-27-302(c) prior to withdrawal from the basic plan. Upon withdrawal, the local education agency shall be responsible for coverage for all retirees and other former employees eligible to continue healthcare coverage who were covered at the time of the termination of employment with the local education agency. The local education insurance committee may establish conditions for local education agencies which withdraw to resume coverage through the basic plan.

SECTION 12. Tennessee Code Annotated, Section 8-27-302, is amended by adding to subdivision (c)(1) a new sentence which shall read: "Any retired teacher who is granted a service retirement under the provisions of Tennessee Code Annotated, Title 8, Chapter 36, shall also qualify for a continuation of insurance coverage if they meet the conditions set forth in this subsection and the eligibility criteria established by the Local Education Insurance Committee."

SECTION 13. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 14. This act shall take effect upon becoming law, the public welfare requiring it.